

NOTICE TO RESIDENTS OF THE EUROPEAN ECONOMIC AREA

THE SHARES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE “EEA”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF MIFID II; (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC (AS AMENDED, THE “INSURANCE MEDIATION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS DIRECTIVE. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE SHARES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SHARES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION. THE EXPRESSION “PROSPECTUS DIRECTIVE” MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING DIRECTIVE 2010/73/EU), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN ANY MEMBER STATE.

NOTICE TO RESIDENTS OF CHINA

THE SHARES OFFERED HEREBY MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY TO THE PUBLIC IN THE PEOPLE’S REPUBLIC OF CHINA (“CHINA”) AND NEITHER THIS MEMORANDUM, WHICH HAS NOT BEEN SUBMITTED TO THE CHINA SECURITIES REGULATORY COMMISSION, NOR ANY OFFERING MATERIAL OR INFORMATION CONTAINED HEREIN RELATING TO THE SHARES, MAY BE SUPPLIED TO THE PUBLIC IN CHINA OR USED IN CONNECTION WITH ANY OFFER FOR THE SUBSCRIPTION OR SALE OF THE SHARES TO THE PUBLIC IN CHINA. THE SHARES MAY ONLY BE OFFERED OR SOLD TO CHINA-BASED INSTITUTIONS AND INDIVIDUALS THAT ARE AUTHORIZED TO ENGAGE IN FOREIGN EXCHANGE TRANSACTIONS AND OFFSHORE INVESTMENTS FROM OUTSIDE OF CHINA. INVESTORS FROM CHINA MAY BE SUBJECT TO OUTBOUND INVESTMENT APPROVAL AND FILING REQUIREMENTS UNDER RELEVANT INVESTMENT LAWS OF CHINA AND FOREIGN EXCHANGE CONTROL APPROVAL AND FILING REQUIREMENTS UNDER RELEVANT FOREIGN EXCHANGE REGULATIONS OF CHINA.

OFFERING RESTRICTED IN CERTAIN JURISDICTIONS

THE DISTRIBUTION OF THE DOCUMENTS PROVIDED IN CONNECTION WITH THE TRUST AND THE OFFER AND SALE OF THE SHARES OFFERED HEREBY IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. THE INFORMATION PROVIDED BY THE REPRESENTATIVES OF THE TRUST DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY IN ANY STATE, COUNTRY OR OTHER JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH STATE, COUNTRY OR JURISDICTION. THIS OFFERING DOES NOT CONSTITUTE AN OFFER OF SHARES TO THE PUBLIC AND NO ACTION HAS BEEN OR WILL BE TAKEN TO PERMIT A PUBLIC OFFERING IN ANY JURISDICTION WHERE ACTION WOULD BE REQUIRED FOR THAT PURPOSE. SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND THE DOCUMENTS PROVIDED IN CONNECTION WITH THE TRUST MAY NOT BE DISTRIBUTED, IN ANY JURISDICTION, EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH JURISDICTION. SHARES THAT ARE ACQUIRED BY PERSONS NOT ENTITLED TO HOLD THEM WILL BE COMPULSORILY WITHDRAWN. PROSPECTIVE INVESTORS SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS AND TAX CONSEQUENCES WITHIN THE COUNTRIES OF THEIR CITIZENSHIP, RESIDENCE, DOMICILE AND PLACE OF BUSINESS WITH RESPECT TO THE ACQUISITION, HOLDING OR DISPOSAL OF SHARES AND ANY CURRENCY ISSUES OR EXCHANGE RESTRICTIONS THAT MAY BE RELEVANT THERETO.

Statement Regarding Forward-Looking Statements

This Memorandum contains “forward-looking statements” with respect to the Trust’s financial conditions, results of operations, plans, objectives, future performance and business. Statements preceded by, followed by or that include words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other similar expressions are intended to identify some of the forward-looking statements. All statements (other than statements of historical fact) included in this Memorandum that address activities, events or developments that will or may occur in the future, including such matters as changes in market prices and conditions, the Trust’s operations, the Sponsor’s plans and references to the Trust’s future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially from such statements. These statements are based upon certain assumptions and analyses the Sponsor made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. You should specifically consider the numerous risks outlined under “Risk Factors.” Whether or not actual results and developments will conform to the Sponsor’s expectations and predictions, however, is subject to a number of risks and uncertainties, including:

- the risk factors discussed in this Memorandum, including the particular risks associated with new technologies such as Ripple and Blockchain;
- the inability to redeem Shares;
- the economic conditions in the XRP industry and market;
- general economic, market and business conditions;
- the use of technology by us and our vendors, including the Key Maintainer, in conducting our business, including disruptions in our computer systems and data centers and our transition to, and quality of, new technology platforms;
- changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies;
- the costs and effect of any litigation or regulatory investigations;
- our ability to maintain a positive reputation; and
- other world economic and political developments.

Consequently, all the forward-looking statements made in this Memorandum are qualified by these cautionary statements, and there can be no assurance that the actual results or developments the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, the Trust’s operations or the value of the Shares. Should one or more of these risks discussed in “Risk Factors” or other uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those described in forward-looking statements. Forward-looking statements are made based on the Sponsor’s beliefs, estimates and opinions on the date the statements are made and neither the Trust nor the Sponsor is under a duty or undertakes an obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Moreover, neither the Trust, the Sponsor, nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Investors are therefore cautioned against relying on forward-looking statements.

Industry and Market Data

Although we are responsible for all disclosure contained in this Memorandum, in some cases we have relied on certain market and industry data obtained from third-party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications in conjunction with our assumptions regarding the XRP industry and market. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors,

including those discussed under the headings “Statement Regarding Forward-Looking Statements” and “Risk Factors” in this Memorandum.

KEY OPERATING METRICS

The Trust's XRP are carried, for financial statement purposes, at fair value, as required by the U.S. generally accepted accounting principles ("GAAP"). The Trust determines the fair value of XRP based on the price provided by the XRP Exchange that the Trust considers its principal market as of 4:00 p.m., New York time, on the valuation date. The net asset value of the Trust determined on a GAAP basis is referred to in this Memorandum as "NAV."

The Trust's investment objective is for the Shares to reflect the value of the XRP held by the Trust, as determined by reference to the XRP Index Price, less the Trust's expenses and other liabilities. The "XRP Index Price" is the U.S. Dollar value of a XRP derived from the selected trading venues (the "XRP Exchanges") that are reflected in the TradeBlock XRP Index (the "Index"), calculated at 4:00 p.m., New York time, on each business day. The Trust believes that calculating the XRP Index Price in this manner mitigates the impact of anomalous or manipulative trading that may occur on any single XRP Exchange. See "Overview of the XRP Industry and Market—XRP Value—The Index and the XRP Index Price."

The Trust uses the XRP Index Price to calculate its "XRP Holdings," which is the aggregate value expressed in U.S. Dollars, of the Trust's assets (other than U.S. Dollars or other fiat currency), less its liabilities (which include estimated accrued but unpaid fees and expenses), calculated in the manner set forth under "Valuation of XRP and Definition of the Trust's XRP Holdings." "XRP Holdings per Share" is calculated by dividing XRP Holdings by the number of Shares currently outstanding. XRP Holdings and XRP Holdings per Share are not measures calculated in accordance with GAAP. XRP Holdings is not intended to be a substitute for the Trust's NAV calculated in accordance with GAAP, and XRP Holdings per Share is not intended to be a substitute for the Trust's NAV per Share calculated in accordance with GAAP.

SUMMARY OF PRINCIPAL TERMS

The following is a summary only and is qualified in its entirety by reference to the more detailed information set forth in the Trust Agreement and in the other agreements described herein. To the extent of any conflict between this summary and the Trust Agreement, the terms of the Trust Agreement will govern. See “Glossary of Defined Terms” for the definition of certain capitalized terms used in this Memorandum. All other capitalized terms used, but not defined, herein have the meanings given to them in the Trust Agreement.

Offering	The Trust is offering Shares which represent common units of fractional undivided beneficial interest in, and ownership of, the Trust to certain “accredited investors” within the meaning of Rule 501(a) of Regulation D under the Securities Act.
Restrictions on Transfer.....	<p>The Shares are restricted securities that may not be resold except in transactions exempt from registration under the Securities Act and state securities laws, and any such transaction must be approved in advance by the Sponsor. Any attempt to sell Shares without the approval of the Sponsor in its sole discretion will be void <i>ab initio</i>. <i>A minimum one year holding period will apply to all Shares purchased in this offering.</i> See “Description of the Shares—Transfer Restrictions” for more information.</p> <p>As noted below under “—Unavailability of Redemption Program,” at this time, the Sponsor is not operating a redemption program for the Shares and therefore Shares are not redeemable by the Trust.</p> <p><i>Because of the one-year holding period and the lack of an ongoing redemption program, Shares should not be purchased by any investor who is not willing and able to bear the risk of investment and lack of liquidity for at least one year. No assurances are given that after the one year holding period, there will be any market for the resale of Shares, or, if there is such a market, as to the price at which such Shares may be sold into such a market.</i></p>
Investment Objective.....	<p>The purpose of the Trust is to provide investors a cost-effective and convenient way to invest in Ripple tokens (“XRP”), while avoiding the complication of directly holding XRP. The Trust’s investment objective is for the Shares to reflect the value of the XRP held by the Trust, determined by reference to the XRP Index Price, less the Trust’s expenses and other liabilities.</p> <p>However, as noted below under “—Unavailability of Redemption Program,” redemption of Shares is not currently contemplated and the Trust does not currently operate a redemption program. In addition, the Trust may from time to time halt creations. As a result, there can be no assurance that the value of the Shares, if traded on any Secondary Market, will reflect the value of the XRP held by the Trust, less the Trust’s expenses and other liabilities, and the Shares may trade at a substantial premium over or a substantial discount to the value of the Trust’s XRP. See “—Creation of Shares” and “—Unavailability of Redemption</p>

Program.”

Because the value of the Shares is correlated with the value of the XRP held by the Trust, it is important for investors to understand the investment attributes of, and the market for, XRP. See “Overview of the XRP Industry and Market” for more details.

Use of Proceeds.....

Proceeds received by the Trust from the issuance and sale of Baskets will consist of XRP transferred to the Trust in connection with creations. Such XRP will only be (i) owned by the Trust, (ii) disbursed (or converted to U.S. Dollars, if necessary) to pay the Trust’s expenses, (iii) distributed in connection with the redemption of Baskets (should the Trust commence a redemption program) and (iv) converted into U.S. Dollars in the event that the Trust terminates or as otherwise required by law or regulation.

XRP Index Price.....

The Trust values its XRP by reference to the “XRP Index Price,” which is the U.S. Dollar value of an XRP derived from the selected trading venues (“XRP Exchanges”) included in the TradeBlock XRP Index (the “Index”). The XRP Index Price is calculated by applying a weighting algorithm to the price and volume of all XRP data from the XRP Index Price. The XRP Index Price is calculated using non-GAAP methodology and is not used in the Trust’s financial statements.

The Index is a U.S. Dollar-denominated composite reference rate for the price of XRP based on the volume-weighted price at trading venues selected by TradeBlock, Inc. (the “Index Provider”). Trading venues used to calculate the Index may include XRP Exchanges, over-the-counter markets or derivatives platforms. The Index Provider includes trading venues on the Index using standardized eligibility criteria such as depth of liquidity, compliance with applicable legal and regulatory requirements and data availability, and gives priority to U.S.-domiciled XRP Exchanges. See “Risk Factors—Risk Factors Related to the XRP Exchange Market—The XRP Index Price used to calculate the value of the Trust’s XRP may be volatile, and purchasing activity in the XRP Exchange Market associated with Basket creations or selling activity following Basket redemptions, if permitted, may affect the XRP Index Price and Share trading prices, adversely affecting an investment in the Shares.”²

Index rate data and the description of the Index are based on information publicly available at the Index Provider’s website at TradeBlock.com. *None of the information on the Index Provider’s website is incorporated by reference into this Memorandum.*

The Index Provider may change the trading venues that are used to calculate the XRP Index Price or otherwise change the way in which the XRP Index Price is calculated based on its periodic

² Note to [REDACTED] Please confirm this is accurate.

review and expert discretion described above.

If the Index becomes unavailable, or if the Sponsor determines in good faith that the Index does not reflect an accurate XRP price, then the Sponsor will, on a best efforts basis, contact the Index Provider to obtain the XRP Index Price directly from the Index Provider. If after such contact the Index remains unavailable or the Sponsor continues to believe in good faith that the Index does not reflect an accurate XRP price, then the Sponsor will employ a cascading set of rules to determine the XRP Index Price, as described in “Overview of the XRP Industry and Market— XRP Value—The Index and the XRP Index Price.”

Number of XRP Represented by One Share ...

The number of XRP represented by one Share at any time is determined by dividing (x) the number of XRP owned by the Trust at 4:00 p.m., New York time, on the relevant trade date, after deducting the number of XRP representing the U.S. Dollar value of accrued but unpaid fees and expenses of the Trust (converted using the XRP Index Price at such time, and carried to the eighth decimal place) by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth of one XRP (i.e., carried to the eighth decimal place)), and multiplying such quotient by 100 (the “Basket XRP Amount”).

The number of XRP represented by a Share will gradually decrease over time due to the transfer of the Trust’s XRP to pay the Sponsor’s Fee and the delivery or sale of the Trust’s XRP to pay any Trust expenses not assumed by the Sponsor. See “Activities of the Trust—Trust Expenses.”

Creation of Shares

The Trust creates Shares from time to time, but only in one or more whole Baskets. A Basket equals 100 Shares. As of the date of this Memorandum, each Share represents approximately [one-tenth (0.1)]³ of one XRP. See “Description of Creation and Redemption of Shares.”

The creation of a Basket requires the delivery to the Trust of the number of XRP represented by one Share immediately prior to such creation multiplied by 100.

The Trust may from time to time halt creations. As a result, the Shares, if traded on any Secondary Market, may trade at a substantial premium over or discount to the value of the Trust’s XRP. This is because Authorized Participants would not be able to take advantage of arbitrage opportunities created when the market value of the Shares exceeds the value of the Trust’s XRP Holdings per Share.

Unavailability of Redemption Program

At this time, the Sponsor is not operating a redemption program for Shares and therefore Shares are not redeemable by the Trust. Subject to receipt of regulatory approval from the SEC and approval by the Sponsor in its sole discretion, the Trust may in

³ Note to [REDACTED] Please confirm.

the future operate a redemption program. *Because the Trust does not believe that the SEC would, at this time, entertain an application for the waiver of rules needed in order to operate an ongoing redemption program, the Trust currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program.*

When and if the Sponsor were able to offer a redemption program, the redemption of a Basket would require the distribution by the Trust of the number of XRP represented by one Share immediately prior to such redemption multiplied by 100.

The unavailability of an ongoing redemption program for the Shares has important consequences for investors, including:

- The Shares, if traded on any Secondary Market, may trade at a substantial premium over or discount to the value of the Trust's XRP. This is because Authorized Participants are not presently able to take advantage of arbitrage opportunities created when the value of the Trust's XRP Holdings per Share exceeds the market value of the Shares.
- Because the Shares are subject to a one-year holding period before they can be sold into any Secondary Market (see "— Restrictions on Transfer"), investors in the Shares will be required to bear the risk of investment and lack of liquidity for at least one year.

For a discussion of risks relating to the current unavailability of a redemption program, see "Risk Factors—Risk Factors Related to the Trust and the Shares—The arbitrage mechanism intended to keep the price of the Shares closely linked to the XRP Index Price may not function properly due to multiple factors and the Shares may trade at a discount or premium to the XRP Holdings per Share" and "Risk Factors—Risk Factors Related to the Trust and the Shares—The restrictions on transfer and redemption may result in losses on an investment in the Shares."

XRP Holdings

The Trust's XRP Holdings is the aggregate U.S. Dollar value of the Trust's XRP, as calculated using the XRP Index Price, less the U.S. Dollar value of its liabilities and expenses. The Sponsor will calculate and publish the XRP Holdings of the Trust on a daily basis. See "Overview of the XRP Industry and Market" for a description of the Index and the operation of the XRP Exchange Market from which prices are used to determine the XRP Index Price.

The Sponsor will also calculate the XRP Holdings per Share, which equals the XRP Holdings of the Trust divided by the number of Shares then outstanding. The Sponsor will publish the XRP Holdings and XRP Holdings per Share each business day as of 4:00 p.m., New York time, or as soon thereafter as practicable at the Trust's website at [REDACTED]

[REDACTED] See "Valuation of XRP and Definition of XRP Holdings"

for a more detailed description of how the Trust's XRP Holdings and XRP Holdings per Share are calculated.

Incidental Rights and IR Virtual Currency

From time to time, the Trust may come into possession of rights incident to its ownership of XRP, which permit the Trust to acquire, or otherwise establish dominion and control over, other virtual currencies. These rights are generally expected to arise in connection with airdrops offered to holders of XRP and arise without any action of the Trust or of the Sponsor or Trustee on behalf of the Trust. We refer to these rights as "Incidental Rights" and any such virtual currency acquired through Incidental Rights as "IR Virtual Currency." The Trust does not expect to take any Incidental Rights or IR Virtual Currency it may hold into account for purposes of determining the Trust's XRP Holdings or the XRP Holdings per Share. See "Activities of the Trust—Incidental Rights and IR Virtual Currency."

With respect to any airdrop, the Sponsor may, in its discretion, decide to cause the Trust to distribute the Incidental Rights or IR Virtual Currency in kind to an agent of the Shareholders for resale by such agent, or to irrevocably abandon the Incidental Rights or IR Virtual Currency. In the case of a distribution in kind, the Shareholders' agent would attempt to sell the Incidental Rights or IR Virtual Currency, and if the agent is able to do so, remit the cash proceeds to Shareholders. There can be no assurance as to the price or prices for any Incidental Rights or IR Virtual Currency that the agent may realize, and the value of the Incidental Rights or IR Virtual Currency may increase or decrease after any sale by the agent. In the case of abandonment, the Trust would not receive any direct or indirect consideration for the Incidental Rights or IR Virtual Currency and thus the value of the Shares will not reflect the value of the Incidental Rights or IR Virtual Currency.

Trust Expenses

The Trust will incur an ordinary recurring charge for the remuneration due to the Sponsor (the "Sponsor's Fee"). The Sponsor's Fee will be determined by applying a [REDACTED] annual rate to the Trust's XRP Holdings, and converting the resulting U.S. Dollar amount into XRP at the XRP Index Price, on a daily basis. The Sponsor's Fee is payable in XRP monthly in arrears. If the Trust holds any Incidental Rights or IR Virtual Currency at any time, the Trust may also pay the Sponsor's Fee, in whole or in part, with such Incidental Rights and/or IR Virtual Currency by entering into an agreement with the Sponsor and transferring such Incidental Rights or IR Virtual Currency to the Sponsor at a value to be determined pursuant to such agreement, provided that such agreement and transfer does not conflict with the terms of the Trust Agreement.

As consideration for its receipt of the Sponsor's Fee, the Sponsor is obligated under the Trust Agreement to assume and pay all fees and expenses incurred by the Trust in the ordinary course of its affairs, excluding taxes, but including the Marketing Fee, the Administrator Fee, if any, fees for the Key Maintainer, the Backup Maintainers and any other security vendor engaged by the Trust, the Transfer Agent Fee, the Trustee fee, the fees and expenses related to trading on any Secondary Market (including legal, marketing and audit fees and expenses) in an amount up to [REDACTED] in any given fiscal year, legal expenses, audit fees, regulatory fees, printing and mailing costs, costs of maintaining the Trust's website and applicable license fees with respect to the Trust (the "Sponsor-paid Expenses").

The Trust may incur certain extraordinary, non-recurring expenses and indemnification expenses that are not Sponsor-paid Expenses, including expenses incurred in connection with any Incidental Rights or IR Virtual Currency (collectively "Additional Trust Expenses"). In such circumstances, the Sponsor will either convert XRP, Incidental Rights or IR Virtual Currency into U.S. Dollars or other fiat currencies at the Actual Exchange Rate or deliver XRP, Incidental Rights or IR Virtual Currency in kind, in each case, in such quantity as may be necessary to pay such Additional Trust Expenses. See "Expenses; Sales of XRP."

The quantity of XRP, Incidental Rights or IR Virtual Currency to be delivered to the Sponsor or other relevant payee in payment of the Sponsor's Fee or any Additional Trust Expenses, or sold to permit payment of Additional Trust Expenses, will vary from time to time depending on the level of the Trust's expenses and the value of XRP, Incidental Rights or IR Virtual Currency held by the Trust. See "Activities of the Trust—Trust Expenses." Each delivery or sale of XRP, Incidental Rights and IR Virtual Currency by the Trust for the payment of expenses will be a taxable event to Shareholders. See "U.S. Federal Income Tax Consequences—Tax Consequences to U.S. Holders."

General Prohibitions of Trust

Activity

The Trust will not:

- Receive any property other than XRP upon the issuance or sale of Shares;
- Hold any property other than (i) XRP, Incidental Rights and, if permitted under the terms of the Trust Agreement, IR Virtual Currency, (ii) cash from the sale of XRP, Incidental Rights or IR Virtual Currency and (iii) interests in any liquidating trust or other vehicle formed to hold Incidental Rights or IR Virtual Currency pending distribution of such interests to the Shareholders;
- Hold any cash from the sale of XRP, Incidental Rights or IR Virtual Currency for more than thirty (30) Business Days prior to using such cash to pay Additional Trust Expenses and

distributing any remaining cash to the Shareholders;

- If redemptions are not authorized, redeem the Shares;
- If redemptions are authorized, redeem the Shares other than (i) to fund a redemption request, (ii) from an Authorized Participant as provided in the Trust Agreement or (iii) upon the dissolution of the Trust;
- Borrow money from, or loan money to, any Shareholder, the Sponsor or other person;
- Create, incur, assume or suffer to exist any lien, mortgage, pledge conditional sales or other title retention agreement, charge, security interest or encumbrance with respect to its assets, except liens for taxes not delinquent or being contested in good faith and by appropriate proceedings and for which appropriate reserves have been established;
- Commingle its assets with those of any other person;
- Permit rebates to be received by the Sponsor or any affiliate of the Sponsor, or permit the Sponsor or any affiliate of the Sponsor to engage in any reciprocal business arrangements which would circumvent the foregoing prohibition;
- Enter into any contract with the Sponsor or an Affiliate of the Sponsor (i) that, except for selling agreements for the sale of Shares, has a term of more than one year and that does not provide that it may be canceled by the Trust without penalty on sixty (60) days prior written notice or (ii) for the provision of services, except at rates and terms at least as favorable as those that may be obtained from third parties in arm's length negotiations;
- Enter into any exclusive brokerage contract;
- Cause the Trust to elect to be treated as an association taxable as a corporation for U.S. federal income tax purposes; or
- Take any action that could cause the Trust to be treated other than as a grantor trust for U.S. federal income tax purposes.

See "Description of the Trust Documents—Description of the Trust Agreement—Termination of the Trust."

Termination Events

Upon dissolution of the Trust and surrender of Shares by the Shareholders, after the Sponsor has paid or made provision for the Trust's obligations, Shareholders will receive a distribution in U.S. Dollars or in XRP, at the sole discretion of the Sponsor. See "Description of the Trust Documents—Description of the Trust Agreement—The Trustee—Termination of the Trust."

Authorized Participants

Baskets may be created (or, should the Trust commence a redemption program, redeemed) primarily by Authorized

	<p>Participants. Each Authorized Participant must (i) be a registered broker-dealer, (ii) have entered into a Participant Agreement with the Sponsor and the Trust and (iii) have access to an Authorized Participant Self-Administered Account. The Participant Agreement provides the procedures for the creation and redemption of Baskets and for the delivery of XRP required for such creations or redemptions. See “Description of Creation and Redemption of Shares.”</p> <p>The Trust may also, from time to time and at the Sponsor’s discretion, enter into purchase agreements with Shareholders for the creation and issuance of Shares.</p>
Clearance and Settlement.....	<p>The Shares will be held in book-entry form by the Transfer Agent. The Sponsor or its delegate will direct the Transfer Agent to issue and credit the appropriate number of Creation Baskets or debit and cancel the appropriate number of Redemption Baskets, as applicable, to the account of the Shareholder or Authorized Participant, as applicable, that placed the relevant order.</p>
Secondary Market and Related Amendments	<p>The Sponsor may attempt to have the Shares quoted on a marketplace or other alternative trading system, as determined by the Sponsor, which may include, but is not limited to, the OTCQX tier of the OTC Markets Group Inc. (a “Secondary Market”).</p> <p>In the event that the Shares are quoted on a Secondary Market, the Sponsor may, without the approval of the Shareholders, amend the provisions of the Trust Agreement in contemplation of such listing.</p>
ERISA	<p>The Sponsor intends to restrict the aggregate investment by “benefit plan investors” (as defined herein) in the Trust to under 25% of the total value of the Trust so that the assets of the Trust will not be deemed to be “plan assets” for purposes of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or Section 4975 of the Code. See “ERISA and Related Considerations” for more information.</p>
Fiscal Year-End.....	<p>The fiscal year of the Trust ends on May 31st of each year.</p>

RISK FACTORS

You should consider carefully the risks described below before making an investment decision. You should also refer to the other information included in this Memorandum. See “Glossary of Defined Terms” for the definition of certain capitalized terms used in this Memorandum.

Digital currencies such as XRP have only gained commercial acceptance within the past decade, and the long- to medium-term value of an investment in the Shares is subject to a number of factors relating to the capabilities and development of blockchain technologies.

Digital currencies such as XRP have only gained commercial acceptance within the past decade, and the long- to medium-term value of an investment in the Shares is subject to a number of factors relating to the capabilities and development of blockchain technologies, such as the infancy of their development, their dependence on the internet and other technologies, their dependence on the role played by miners and developers and the potential for malicious activity. For example, the realization of one or more of the following risks could materially adversely affect the value of an investment in the Shares:

- Digital currency networks and the software used to operate them are in the early stages of development. Digital currencies have experienced, and we expect will experience in the future, sharp fluctuations in value. Given the infancy of the development of digital currency networks, parties may be unwilling to transact in digital currencies, which would dampen the growth, if any, of digital currency networks.
- A disruption of the internet or a digital currency network would affect the ability to transfer digital currencies and, consequently, their value.
- To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Trust will be unable to access the XRP held in the related digital wallet and the private key will not be capable of being restored by the Ripple Network.
- The creation of digital currencies as a medium of exchange is not the sole purpose of some digital currency networks. The Ripple Network, for example, is a digital centralized ledger protocol intended to facilitate cross-currency transactions, and does not have the same focus on the use of its token as a form of money as other networks
- Unlike other prominent digital assets, XRP is not decentralized. The Ripple Network’s protocol is formally managed by Ripple, Inc. (the “Developer”) and the Developer will have full control over amendments to and the development of the protocol’s source control. To the extent that the Developer makes any amendments to the Ripple Network’s protocol, the Ripple Network will be subject to new protocols that may adversely affect the value of XRP.
- The loss or destruction of a private key required to access digital currencies such as XRP may be irreversible.
- Because digital currencies are not currently widely accepted as a means of facilitating cross-currency transactions by users or businesses, the prices of digital currencies such as XRP are largely determined by speculators, thus contributing to price volatility that makes parties less likely to utilize it to facilitate transactions in the future.
- End users may switch to or adopt certain digital currencies at the expense of their engagement with other digital currency networks, which may negatively impact those networks, including the Ripple Network.
- Many digital currency networks face significant scaling challenges and are being upgraded with various features to increase the speed and throughput of digital currency transactions. These attempts to increase the volume of transactions may not be effective.
- The Ripple Network’s main function is to allow users or businesses to conduct cross-currency transactions securely and quickly. If a significant number of users or businesses choose not to use XRP and the Ripple Network, the value of XRP may be negatively impacted.

- Banks may not provide banking services, or may cut off banking services, to businesses that provide digital currency-related services or that accept digital currencies, which could damage the public perception of digital currencies generally or any one digital currency in particular, and their or its utility as a payment system, which could decrease the price of digital currencies generally or individually.
- Moreover, because digital currencies, including XRP, have only been in existence for a short period of time and are continuing to develop, there may be additional risks in the future that are impossible to predict as of the date of this Memorandum.

The Ripple Network is not as mature as the older, more established Bitcoin Network, and the value of an investment in the Shares depends on the development and acceptance of the Ripple Network.

The version of the blockchain currently in existence on the Ripple Network was launched in 2012, and as a result, the Ripple Network is not as mature as the older, more established Bitcoin Network. The Ripple Network and other cryptographic and algorithmic protocols governing the issuance of digital currencies represent a new and rapidly evolving industry that is subject to a variety of factors that are difficult to evaluate. For example, the realization of one or more of the following risks could materially adversely affect the value of an investment in the Shares:

- [•]

Moreover, in the past, flaws in the source code for digital currencies have been exposed and exploited, including those that disabled some functionality for users and exposed users' personal information. The cryptography underlying XRP could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to take the Trust's XRP, which would adversely affect an investment in the Shares. Even if another digital currency other than XRP were affected, any reduction in confidence in the source code or cryptography underlying digital currencies generally could negatively impact the demand for digital currencies and therefore adversely affect an investment in the Shares.

The Trust is not actively managed and will not have any formal strategy relating to the development of the Ripple Network.

Shareholders may not receive the benefits of any "airdrops."

Digital currencies, including XRP, may become subject to an occurrence known as an "airdrop." In an airdrop, the promoters of a new digital currency announce to holders of another digital currency that such holders will be entitled to claim a certain amount of the new digital currency for free, based on the fact that they hold such other digital currency.

Shareholders may not receive the benefits of, and may not choose, or be able, to participate in an airdrop, and the timing of receiving any benefits from an airdrop is uncertain. We refer to the right to receive any such benefit as an "Incidental Right" and any such virtual currency acquired through an Incidental Right as "IR Virtual Currency." There are likely to be operational, tax, securities law, regulatory, legal and practical issues that significantly limit, or prevent entirely, Shareholders' ability to realize a benefit, through their interests in the Trust, from any such Incidental Rights or IR Virtual Currency. For instance, the Security Providers may not agree to provide access to the IR Virtual Currency. In addition, the Sponsor may determine that there is no safe or practical way to custody the IR Virtual Currency, or that trying to do so may pose an unacceptable risk to the Trust's holdings in XRP, or that the costs of taking possession and/or maintaining ownership of the IR Virtual Currency exceed the benefits of owning the IR Virtual Currency. Additionally, laws, regulation or other factors may prevent Shareholders from benefitting from the Incidental Right or IR Virtual Currency even if there is a safe and practical way to custody and secure the IR Virtual Currency. For example, it may be illegal to sell or otherwise dispose of the Incidental Right or IR Virtual Currency, or there may not be a suitable market into which the Incidental Right or IR Virtual Currency can be sold (immediately after the airdrop, or ever).

The Sponsor intends to evaluate each future airdrop on a case-by-case basis in consultation with the Trust's legal advisors, tax consultants, and Security Providers, and may decide to abandon any Incidental Rights or IR Virtual Currency resulting from an airdrop should any of the above circumstances occur or for any other reason.

should the Sponsor conclude, in its discretion, that such abandonment is in the best interests of the Trust. Any inability to recognize the economic benefit of an airdrop could adversely impact an investment in the Shares.

If a malicious actor or botnet obtains control of the processing power of the Ripple Network, or otherwise obtains control over the Ripple Network through its influence over the Developer or otherwise, such actor or botnet could manipulate the blockchain to adversely affect an investment in the Shares or the ability of the Trust to operate.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power of the Ripple Network, it may be able to alter the relevant blockchain on which transactions in XRP rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new tokens or transactions using such control. The malicious actor could “double-spend” its own tokens (i.e., spend the same tokens in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the Ripple Network or Ripple Labs, Inc. did not reject the fraudulent blocks as malicious, reversing any changes made to the relevant blockchain may not be possible. Further, a malicious actor or botnet could create a flood of transactions in order to slow down the Ripple Network.

A malicious actor may also obtain control over the Ripple Network through its influence over core developers by gaining direct control over a core developer or an otherwise influential programmer. A malicious actor may also obtain control over the Ripple Network through its influence over the Developer by gaining direct control over the board of directors, key management personnel or an otherwise influential programmer at the Developer. This risk is particularly acute with respect to the Ripple Network, which is controlled by the Developer and is not decentralized like many other digital assets.

Risk Factors Related to the XRP Exchange Market

The value of the Shares relates directly to the value of XRP, the value of which may be highly volatile and subject to fluctuations due to a number of factors.

The value of the Shares relates directly to the value of the XRP held by the Trust and fluctuations in the price of XRP could adversely affect an investment in the Shares. The market price of XRP may be highly volatile, and subject to a number of factors, including:

- Changes in the schedule of future releases of additional XRP tokens by the Developer;
- The adoption of XRP as a utility token to facilitate cross-currency transactions and the maintenance and development of the software protocol of the Ripple Network;
- Investors’ expectations with respect to interest rates, the rates of inflation of fiat currencies or XRP, and currency exchange rates;
- Consumer preferences and perceptions of XRP specifically and digital assets generally;
- Fiat currency withdrawal and deposit policies and the liquidity of XRP Exchanges;
- Investment and trading activities of large investors that invest directly or indirectly in XRP;
- A “short squeeze” resulting from speculation on the price of XRP, if aggregate short exposure exceeds the number of Shares available for purchase;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations and regulatory measures or enforcement actions, if any, that restrict the use of XRP as a form of currency exchange or the purchase of XRP on one or more XRP Exchanges;
- Global or regional political, economic or financial conditions events and situations;

- Fees associated with processing a XRP transaction and the speed at which XRP transactions are settled;
- Interruptions in service from or failures of major digital currency exchanges;
- Increased competition from other forms of digital currency or payment services; and
- The Trust's own acquisitions or dispositions of XRP, since there is no limit on the number of XRP that the Trust may acquire.

In addition, investors should be aware that there is no assurance that XRP will maintain its value in the long or intermediate term. In the event that the price of XRP declines, the Sponsor expects the value of an investment in the Shares to decline proportionately.

The value of XRP as represented by the XRP Index Price may also be subject to momentum pricing due to speculation regarding future appreciation in value, leading to greater volatility that could adversely affect an investment in the Shares. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for future appreciation in value, if any. The Sponsor believes that momentum pricing of XRP has resulted, and may continue to result, in speculation regarding future appreciation in the value of XRP, inflating and making the XRP Index Price more volatile. As a result, XRP may be more likely to fluctuate in value due to changing investor confidence in future appreciation or depreciation in the XRP Index Price, which could adversely affect an investment in the Shares.

Due to the unregulated nature and lack of transparency surrounding the operations of digital currency exchanges, the exchanges trading XRP may experience fraud, security failures or operational problems, which may adversely affect the value of XRP and, consequently, an investment in the Shares.

The exchanges on which XRP trades are relatively new and, in some cases, unregulated. Furthermore, while many prominent digital currency exchanges provide the public with significant information regarding their ownership structure, management teams, corporate practices and regulatory compliance, many exchanges do not provide this information. As a result, the marketplace may lose confidence in digital currency exchanges, including prominent exchanges that handle a significant volume of XRP trading.

Over the past several years, some digital currency exchanges have been closed due to fraud, business failure or security breaches. In many of these instances, the customers of such exchanges were not compensated or made whole for the partial or complete losses of their account balances in such exchanges. While smaller exchanges are less likely to have the infrastructure and capitalization that make larger exchanges more stable, larger exchanges are more likely to be appealing targets for hackers and malware and may be more likely to be targets of regulatory enforcement action. For example, the collapse of Mt. Gox, a Bitcoin exchange which filed for bankruptcy protection in Japan in late February 2014, indicated that even the largest exchanges could be subject to abrupt failure with consequences for both users of a Bitcoin exchange and the Bitcoin industry as a whole. In particular, in the two weeks that followed the February 7, 2014 halt of Bitcoin withdrawals from Mt. Gox, the value of one Bitcoin fell on other exchanges from around \$795 on February 6, 2014 to \$578 on February 20, 2014. Additionally, in January 2015, Bitstamp announced that approximately 19,000 Bitcoin had been stolen from its operational or "hot" wallets. Further, in August 2016, it was reported that almost 120,000 Bitcoins worth around \$78 million were stolen from Bitfinex, a large digital currency exchange. The value of Bitcoin immediately decreased over 10% following reports of the theft at Bitfinex. In July 2017, the Financial Crimes Enforcement Network ("FinCEN") assessed a \$110 million fine against BTC-E, a now Bitcoin exchange, for facilitating crimes such as drug sales and ransomware attacks.

A similar lack of stability in the XRP Exchange Market and the closure or temporary shutdown of any exchanges that trade XRP due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in the Ripple Network and result in greater volatility in the prices of XRP. Furthermore, the closure or temporary shutdown of an exchange used in calculating the XRP Index Price may result in a loss of confidence in the Trust's ability to determine its XRP Holdings on a daily basis. These potential consequences of such an exchange's failure could adversely affect an investment in the Shares.

The XRP Index Price used to calculate the value of the Trust's XRP may be volatile, and purchasing activity in the XRP Exchange Market associated with Basket creations or selling activity following Basket redemptions, if

permitted, may affect the XRP Index Price and Share trading prices, adversely affecting an investment in the Shares.

The XRP Index has a limited history and is calculated using volume-weighted trading price data from various XRP Exchanges chosen by the Index Provider. The price of XRP on public XRP exchanges has a very limited history, and during this history, XRP prices on the XRP Exchange Market as a whole, and on XRP Exchanges individually, have been volatile and subject to influence by many factors, including operational interruptions. While the XRP Index is designed to limit exposure to the interruption of individual XRP Exchanges, the XRP Index Price, and the price of XRP generally, remains subject to volatility experienced by XRP Exchanges, and such volatility can adversely affect an investment in the Shares.

Furthermore, because the number of XRP Exchanges is limited, the XRP Index Price will necessarily be calculated by reference to a limited number of XRP Exchanges. If an XRP Exchange were subjected to regulatory, volatility or other pricing issues, the Index Provider would have limited ability to remove such XRP Exchange from the XRP Index Price calculation, which could skew the price of XRP as represented by the XRP Index Price. Trading on a limited number of XRP Exchanges may result in less favorable prices and decreased liquidity of the Shares and, therefore, could have an adverse effect on the Trust and Shareholders.

Purchasing activity associated with acquiring XRP required for the creation of Baskets may increase the market price of XRP on the XRP Exchange Market, which will result in higher prices for the Shares. Increases in the market price of XRP may also occur as a result of the purchasing activity of other market participants. Other market participants may attempt to benefit from an increase in the market price of XRP that may result from increased purchasing activity of XRP connected with the issuance of Baskets. Consequently, the market price of XRP may decline immediately after Baskets are created.

The Trust currently has no intention of seeking regulatory approval from the SEC to operate an ongoing redemption program. If, however, regulatory approval is obtained in the future, the selling activity associated with sales of XRP withdrawn from the Trust in connection with the redemption of Baskets may decrease the market price of XRP on the XRP Exchange Market, which will result in lower prices for the Shares. Decreases in the market price of XRP may also occur as a result of the selling activity of the Shares in private placement transactions or sales in Secondary Markets by other market participants. If the XRP Index Price declines, the trading price of the Shares will generally also decline.

Failure of funds that hold digital assets or that have exposure to digital assets through derivatives to receive SEC approval to list their shares on exchanges could adversely affect an investment in the Shares.

There have been a growing number of attempts to list on national securities exchanges the shares of funds that hold digital currencies or that have exposures to digital currencies through derivatives. These investment vehicles attempt to provide institutional and retail investors exposure to digital currency markets. The SEC recently denied requests to list the shares of two such funds—the Winklevoss Bitcoin Trust and the SolidX Bitcoin Trust. The SEC agreed to review its decision on the Winklevoss Bitcoin Trust subsequent to the submission of an appeal, and its review is currently pending. Furthermore, the Sponsor recently withdrew its application with the SEC to list the [REDACTED] an entity affiliated with the Trust, on a national security exchange. Requests to list the shares of other funds on national securities exchanges have also been submitted to the SEC. Exchange-listed digital currency fund shares would create more opportunities for institutional and retail investors to invest in the digital currency market. If exchange-listing requests are not approved by the SEC and the outstanding requests are ultimately denied by the SEC, increased investment interest by institutional or retail investors could fail to materialize, which could reduce the demand for digital currencies generally and therefore adversely affect an investment in the Shares.

Competition from the emergence or growth of other digital assets or methods of investing in XRP could have a negative impact on the price of XRP and adversely affect an investment in the Shares.

XRP is the [•] largest digital asset by market capitalization. As of January 1, 2018, there were over [•] alternative digital assets tracked by CoinMarketCap.com, having a total market-capitalization of approximately \$[•] (including the \$[•] market cap of XRP), as calculated using market prices and total available supply of each digital

asset.⁴ XRP faces competition from a wide range of digital currencies. [For example, Monero, Dash and Bytecoin are all focused on enhancing privacy, and imminent upgrades to the Ethereum Network will likely include privacy-enhancing features similar to those that exist on the Zcash Network. In addition, ZEC is currently supported by fewer regulated exchanges than more established digital assets, such as Bitcoin and Ether, which could impact its liquidity.]⁵ Competition from the emergence or growth of alternative digital currencies could have a negative impact on the demand for, and price of, XRP and thereby adversely affect an investment in the Shares.

Investors may invest in XRP through means other than an investment in Shares, including through direct investments in XRP and other potential financial vehicles, possibly including securities backed by or linked to XRP and digital currency financial vehicles similar to the Trust. Market and financial conditions, and other conditions beyond the Sponsor's control, may make it more attractive to invest in other financial vehicles or to invest in XRP directly, which could limit the market for Shares and reduce the liquidity of the Shares. In addition, to the extent digital currency financial vehicles other than the Trust tracking the price of XRP are formed and represent a significant proportion of the demand for XRP, large purchases or redemptions of the securities of these digital currency financial vehicles, or private funds holding XRP, could negatively affect the XRP Index Price, the XRP Holdings and the price of the Shares.

Risk Factors Related to the Trust and the Shares

An investment in the Shares may be influenced by a variety of factors unrelated to the value of XRP.

An investment in the Shares may be influenced by a variety of factors unrelated to the price of XRP and the XRP Exchanges that may have an adverse effect on the price of the Shares. These factors include the following factors:

- Unanticipated problems or issues with respect to the mechanics of the Trust's operations and the trading of the Shares may arise, in particular due to the fact that the mechanisms and procedures governing the creation, redemption and offering of the Shares and storage of XRP have been developed specifically for this product;
- The Trust could experience difficulties in operating and maintaining its technical infrastructure, including in connection with expansions or updates to such infrastructure, which are likely to be complex and could lead to unanticipated delays, unforeseen expenses and security vulnerabilities;
- The Trust could experience unforeseen issues relating to the performance and effectiveness of the security procedures used to protect the Trust's XRP Account, or the security procedures may not protect against all errors, software flaws or other vulnerabilities in the Trust's technical infrastructure, which could result in theft, loss or damage of the Trust's assets; or
- Service providers may decide to terminate their relationships with the Trust due to concerns that the privacy-enhancing features of XRP increase the potential for XRP to be used to facilitate crime, exposing such service providers to potential reputational harm or liability.

Any of these factors could affect the value of the Shares, either directly or indirectly through their effect on the Trust's assets.

Shareholders do not have the protections associated with ownership of shares in an investment company registered under the Investment Company Act or the protections afforded by the CEA.

The Investment Company Act is designed to protect investors by preventing insiders from managing investment companies to their benefit and to the detriment of public investors, such as: the issuance of securities having inequitable or discriminatory provisions; the management of investment companies by irresponsible persons; the use of unsound or misleading methods of computing earnings and asset value; changes in the character of investment companies without the consent of investors; and investment companies from engaging in excessive leveraging. To accomplish these ends, the Investment Company Act requires the safekeeping and proper valuation of fund assets,

⁴ Note to [REDACTED] please update.

⁵ Note to [REDACTED] What would be the primary competitors of Ripple that we can include here?

restricts greatly transactions with affiliates, limits leveraging, and imposes governance requirements as a check on fund management.

The Trust is not registered as an investment company under the Investment Company Act, and the Sponsor believes that the Trust is not required to register under such act. Consequently, Shareholders do not have the regulatory protections provided to investors in investment companies.

The Trust will not hold or trade in commodity interests regulated by the CEA, as administered by the CFTC. Furthermore, the Sponsor believes that the Trust is not a commodity pool for purposes of the CEA, and that neither the Sponsor nor the Trustee is subject to regulation by the CFTC as a commodity pool operator or a commodity trading advisor in connection with the operation of the Trust. Consequently, Shareholders will not have the regulatory protections provided to investors in CEA-regulated instruments or commodity pools.

The restrictions on transfer and redemption may result in losses on an investment in the Shares.

The Shares may not be resold except in transactions exempt from registration under the Securities Act and state securities laws, and any such transaction must be approved in advance by the Sponsor. Any attempt to sell Shares without the approval of the Sponsor in its sole discretion will be void *ab initio*. See “Description of the Shares—Transfer Restrictions” for more information.

At this time the Sponsor is not accepting redemption requests from Shareholders. Therefore, unless the Trust is permitted to, and does, establish a Share redemption program, investors will be unable to (or could be significantly impeded in attempting to) sell or otherwise liquidate investments in the Shares, which could have a material adverse impact on an investment in the Shares.

Investors should consider an investment in the Shares to be an illiquid investment and should invest only if prepared to hold the Shares indefinitely. Furthermore, because we do not have the ability to redeem Shares until given authorization by the SEC, the Shares could trade below the Trust’s XRP Holdings per Share due to the fact that investors cannot currently realize any increase in the value of the Trust’s XRP through redemption. Therefore, the Trust may not meet its objective for investment, which is to provide investors a cost-effective and convenient way to invest in XRP while avoiding the complication of directly holding XRP.

As the Sponsor and its management have limited history of operating an investment vehicle like the Trust, their experience may be inadequate or unsuitable to manage the Trust.

The past performances of the Sponsor’s management in other investment vehicles, including their experiences in the XRP or other digital asset and venture capital industries, are no indication of their ability to manage an investment vehicle such as the Trust. If the experience of the Sponsor and its management is inadequate or unsuitable to manage an investment vehicle such as the Trust, the operations of the Trust may be adversely affected.

Furthermore, the Sponsor is currently engaged in the management of other investment vehicles which could divert their attention and resources. If the Sponsor were to experience difficulties in the management of such other investment vehicles that damaged the Sponsor or its reputation, it could have an adverse impact on the Sponsor’s ability to continue to serve as Sponsor for the Trust.

The arbitrage mechanism intended to keep the price of the Shares closely linked to the XRP Index Price may not function properly due to multiple factors and the Shares may trade at a discount or premium to the XRP Holdings per Share.

The Trust relies on arbitrage opportunities resulting from differences between the price of the Shares and the price of XRP to keep the price of the Shares closely linked to the XRP Index Price. If Authorized Participants are unable to redeem the Shares, as is the case as of the date of this Memorandum, or if the Trust halts creations for an extended period of time, this arbitrage mechanism is unlikely to function properly and the value of the Shares of the Trust may not approximate, and the Shares may trade at a substantial premium over, or discount to, the value of the XRP held by the Trust, less the Trust’s expenses and other liabilities, if traded on any Secondary Market because Authorized Participants will not be able to take advantage of arbitrage opportunities created when the market value of the Shares exceeded the value of the Trust’s XRP Holdings per Share, which could cause the Shares to trade at a substantial premium or discount to the value of XRP held by the Trust.

Moreover, even if a redemption program is authorized, this arbitrage mechanism may not function properly if the Trust experiences unanticipated operational difficulties with the order process or Authorized Participants are able to purchase or sell large aggregations of XRP in the open market at prices that are materially higher or lower than the XRP Index Price. Although the Index is designed to accurately capture the market price of XRP, Authorized Participants may purchase and sell XRP on public or private markets not included among the constituent XRP Exchanges of the Index, and such transactions may take place at prices materially higher or lower than the XRP Index Price. [Furthermore, while the Index provides Bitcoin- and U.S. Dollar-denominated composite reference rates for the price of XRP based on the volume-weighted price of XRP on certain constituent XRP Exchanges at any given time]⁶, the prices on each such XRP Exchange may not be equal to the value of a XRP as represented by the Index. It is possible that the price of XRP on the constituent XRP Exchange(s) used by an Authorized Participant will be materially higher or lower than the XRP Index Price.

In addition, under the Trust Agreement, the Sponsor may suspend or reject creation or, if permitted, redemption orders, as applicable, for a variety of permitted reasons under certain circumstances. The creation and, if permitted, redemption of Baskets may also encounter unanticipated difficulties, including, but not limited to, technical difficulties such as the disruption of the timely transfer of XRP to and from the Trust's accounts. To the extent orders are suspended, rejected or otherwise disrupted, potential market participants may not be willing or able to take advantage of any potential arbitrage opportunities and the arbitrage mechanism may fail to closely link the price of the Shares to the value of the underlying XRP, as measured using the XRP Index Price. If this is the case, the liquidity of the Shares may decline and the price of the Shares may fluctuate independently of the XRP Index Price and may fall.

Security threats to the XRP Account could result in the halting of Trust operations, the suspension of redemptions (if redemptions would otherwise be authorized), and a loss of Trust assets or damage to the reputation of the Trust, each of which could result in a reduction in the price of the Shares.

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in relation to digital currencies. The Sponsor believes that the Trust's XRP held in the XRP Account will be an appealing target to hackers or malware distributors seeking to destroy, damage or steal the Trust's XRP and will only become more appealing as the Trust's assets grow. To the extent that the Trust, the Sponsor, the Key Maintainer or any Backup Maintainer is unable to identify and mitigate or stop new security threats or otherwise adapt to technological changes in the digital asset industry, the Trust's XRP may be subject to theft, loss, destruction or other attack.

The Sponsor believes that the Security Procedures, including multi-factor redundancy, segregation and offline data storage protocols (i.e., the maintenance of data on computers and/or storage media that is not directly connected to or accessible from the internet and/or networked with other computers, also known as "cold storage") are reasonably designed to safeguard the Trust's XRP. Nevertheless, the Security Procedures cannot guarantee the prevention of any loss due to a security breach, software defect or act of God that may be borne by the Trust.

The Security Procedures and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of the Sponsor, Key Maintainer, any Backup Maintainer, or otherwise, and, as a result, an unauthorized party may obtain access to the XRP Account, private keys, data or XRP. Additionally, outside parties may attempt to fraudulently induce employees of the Sponsor, Key Maintainer or any Backup Maintainer to disclose sensitive information in order to gain access to the Trust's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Sponsor and the Key Maintainer may be unable to anticipate these techniques or implement adequate preventative measures.

An actual or perceived breach of the XRP Account could harm the Trust's operations, result in loss of the Trust's assets, damage the Trust's reputation and negatively affect the market perception of the effectiveness of the Trust, all of which could in turn reduce demand for the Shares, resulting in a reduction in the price of the Shares. The Trust may also cease operations or suspend redemptions (if redemptions would otherwise be authorized), the occurrence of each of which could similarly result in a reduction in the price of the Shares.

⁶ Note to [REDACTED] Please confirm.

The Backup Maintainers may be acting as Backup Maintainers to trusts sponsored by the Sponsor other than the Trust. In the event of a Backup Contingency with respect to another trust, the Backup Maintainers may have the operational ability to access, but not the right to use, the Backup Factor for the Trust. After such a Backup Contingency, the Backup Maintainers are required to re-secure the Backup Factors for the Trust pursuant to the security standard set forth in the Backup Factor Security Agreements until a subsequent Backup Contingency. While it would ordinarily require more than the Backup Factors to transfer any of the Trust's XRP, during the period following a Backup Contingency until the Backup Factors for the Trust are re-secured, the security risk to the XRP Account may be heightened.

XRP transactions are irrevocable and stolen or incorrectly transferred XRP may be irretrievable. As a result, any incorrectly executed XRP transactions could adversely affect an investment in the Shares.

Similar to other digital currency blockchain protocols like Bitcoin, XRP transactions are not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the Ripple Blockchain, an incorrect transfer of XRP or a theft of XRP generally will not be reversible and the Trust may not be capable of seeking compensation for any such transfer or theft. Although the Trust's transfers of XRP will regularly be made to or from the XRP Account, it is possible that, through computer or human error, or through theft or criminal action, the Trust's XRP could be transferred from the Trust's XRP Account in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

Such events have occurred in connection with other digital currencies in the past. For example, in September 2014, the Chinese Bitcoin exchange Huobi announced that it had sent approximately 900 Bitcoins and 8,000 Litecoins (worth approximately \$400,000 at the prevailing market prices at the time) to the wrong customers, although it claimed that many customers returned the Bitcoins and Litecoins. To the extent that the Trust is unable to seek a corrective transaction with such third party or is incapable of identifying the third party which has received the Trust's XRP through error or theft, the Trust will be unable to revert or otherwise recover incorrectly transferred Trust XRP. The Trust will also be unable to convert or recover Trust's XRP transferred to uncontrolled accounts. To the extent that the Trust is unable to seek redress for such error or theft, such loss could adversely affect an investment in the Shares.

The Sponsor may need to quickly find and appoint a replacement Key Maintainer, which could pose a challenge to the safekeeping of the Trust's XRP.

The Sponsor could decide to replace Ledger SAS as Key Maintainer. Transferring key maintenance responsibilities to another party will likely be complex and could subject the Trust's XRP to the risk of loss during the transfer, which could have a negative impact on the performance of the Shares or result in loss of the Trust's assets.

The Sponsor may not be able to find a party willing to serve as the Key Maintainer under the same terms as the current Key Maintenance Agreement. To the extent that Sponsor is not able to find a suitable party willing to serve as the Key Maintainer, the Sponsor may be required to terminate the Trust and liquidate the Trust's XRP. In addition, to the extent that the Sponsor finds a suitable party but must enter into a modified Key Maintenance Agreement that is less favorable for the Trust or Sponsor, an investment in the Shares could be adversely affected.

The lack of insurance and Shareholders' limited rights of legal recourse against the Trust, Trustee, Sponsor, Transfer Agent, Key Maintainer and Backup Maintainers expose the Trust and its Shareholders to the risk of loss of the Trust's XRP for which no person or entity is liable.

The Trust is not a banking institution or otherwise a member of the Federal Deposit Insurance Corporation ("FDIC") or Securities Investor Protection Corporation ("SIPC") and, therefore, deposits held with or assets held by the Trust are not subject to the protections enjoyed by depositors with FDIC or SIPC member institutions. In addition, the Trust does not directly insure the Trust's XRP. Shareholders cannot be assured that the Sponsor, the Key Maintainer or the Backup Maintainers will maintain adequate insurance or any insurance with respect to the Trust's XRP.

Furthermore, the security of the Trust's XRP is facilitated by multiple parties, including the Sponsor, the Key Maintainer and the Backup Maintainers, and there is no custodian or single party solely responsible for securing the Trust's XRP. As such, it may be difficult to prove that any particular party caused losses relating to the Trust's XRP or otherwise recover such losses if the Trust's XRP are lost, stolen or destroyed.

Moreover, even if the Trust were able to prove that a particular party was responsible for losses relating to the Trust's XRP, the responsible party may not have the financial resources sufficient to satisfy the Trust's claim or Shareholders' recourse against them may be limited under New York law governing their roles in facilitating the security of the Trust's XRP, pursuant to the terms of the agreement governing the Trust's relationship with such a party or due to other factors. For example, under the Key Maintenance Agreement, the Key Maintainer's liability is capped at the greater of \$1 million or 10% of the loss caused by and directly attributable to a breach of the Key Maintainer's obligations under the Key Maintenance Agreement. Under the Key Maintenance Agreement, the Key Maintainer will not be liable for any delay in performance or any non-performance of any of its obligations under the Key Maintenance Agreement by reason of any cause beyond its reasonable control, including acts of God, war or terrorism. The Key Maintainer will also not be liable for any system failure or third-party penetration of the XRP Account, unless such system failure or third-party penetration is the result of its gross negligence, bad faith or willful misconduct. Similarly, the liability of the Backup Maintainers is also significantly limited, for example to situations in which the Backup Maintainer has engaged in willful misconduct.

The Shareholders' recourse against the Sponsor and Transfer Agent for the services they provide to the Trust, including those relating to the provision of instructions relating to the movement of XRP, is limited. Consequently, a loss may be suffered with respect to the Trust's XRP which is not covered by insurance and for which no person is liable in damages. As a result, the recourse of the Trust or the shareholder, under New York law, is limited.

The Trust may be required, or the Sponsor may deem it appropriate, to terminate and liquidate at a time that is disadvantageous to Shareholders.

If the Trust is required to terminate and liquidate, or the Sponsor determines in accordance with the terms of the Trust Agreement that it is appropriate to terminate and liquidate the Trust, such termination and liquidation could occur at a time that is disadvantageous to Shareholders, such as when the Actual Exchange Rate of XRP is lower than the XRP Index Price was at the time when Shareholders purchased their Shares. In such a case, when the Trust's XRP are sold as part of the Trust's liquidation, the resulting proceeds distributed to Shareholders will be less than if the Actual Exchange Rate were higher at the time of sale. See "Description of the Trust Documents—Description of the Trust Agreement—The Trustee—Termination of the Trust" for more information about the termination of the Trust, including when the termination of the Trust may be triggered by events outside the direct control of the Sponsor, the Trustee or the Shareholders.

The Trust Agreement includes provisions that limit Shareholders' voting rights and restrict Shareholders' right to bring a derivative action.

Under the Trust Agreement, Shareholders have limited voting rights and the Trust will not have regular Shareholder meetings and take no part in the management or control of the Trust. Accordingly, Shareholders do not have the right to authorize actions, appoint service providers or take other actions as may be taken by shareholders of other trusts or companies where shares carry such rights. The Shareholders' limited voting rights give almost all control under the Trust Agreement to the Sponsor and the Trustee. The Sponsor may take actions in the operation of the Trust that may be adverse to the interests of Shareholders and may adversely affect an investment in the Shares.

Moreover, pursuant to the terms of the Trust Agreement, Shareholders' statutory right under Delaware law to bring a derivative action (i.e., to initiate a lawsuit in the name of the Trust in order to assert a claim belonging to the Trust against a fiduciary of the Trust or against a third-party when the Trust's management has refused to do so) is restricted. The Trust Agreement provides that in addition to any other requirements of applicable law, no Shareholder will have the right, power or authority to bring or maintain a derivative action, suit or other proceeding on behalf of the Trust unless two or more Shareholders who (i) are not affiliates of one another and (ii) collectively hold at least 10.0% of the outstanding Shares join in the bringing or maintaining of such action, suit or other proceeding. Therefore, the Trust Agreement limits the likelihood that a Shareholder could successfully assert a derivative action.

The Sponsor is solely responsible for determining the value of the XRP Holdings and XRP Holdings per Share, and any errors, discontinuance or changes in such valuation calculations may have an adverse effect on the value of the Shares.

The Sponsor will determine the Trust's XRP Holdings and XRP Holdings per Share on a daily basis as soon as practicable after 4:00 p.m., New York time, on each business day. The Sponsor's determination is made utilizing

data from the operations of the Trust and the XRP Index Price, calculated at 4:00 p.m., New York time, on such day. To the extent that the XRP Holdings or XRP Holdings per Share are incorrectly calculated, the Sponsor may not be liable for any error and such misreporting of valuation data could adversely affect an investment in the Shares.

Extraordinary expenses resulting from unanticipated events may become payable by the Trust, adversely affecting an investment in the Shares.

In consideration for the Sponsor's Fee, the Sponsor has contractually assumed certain operational and periodic expenses of the Trust. See "Activities of the Trust—Trust Expenses." Extraordinary expenses, such as expenses relating to litigation or incurred in connection with any Incidental Rights or IR Virtual Currency, of the Trust are not assumed by the Sponsor and are borne by the Trust. The Sponsor will cause the Trust to either (i) sell XRP, Incidental Rights and/or IR Virtual Currency held by the Trust or (ii) deliver XRP, Incidental Rights and/or IR Virtual Currency in kind to pay Trust Expenses not assumed by the Sponsor on an as-needed basis. Accordingly, the Trust may be required to sell or otherwise dispose of XRP, Incidental Rights or IR Virtual Currency at a time when the trading prices for those assets are depressed.

The sale or other disposition of assets of the Trust in order to pay extraordinary expenses could have a negative impact on the value of the Shares for several reasons. These include the following factors:

- The Trust is not actively managed and no attempt will be made to protect against or to take advantage of fluctuations in the prices of XRP, Incidental Rights or IR Virtual Currency. Consequently, if the Trust incurs expenses in U.S. Dollars, the Trust's XRP, Incidental Rights or IR Virtual Currency may be sold at a time when the values of the disposed assets are low, resulting in a negative impact on the value of the Shares.
- Because the Trust does not generate any income, every time that it pays expenses it will deliver XRP, Incidental Rights or IR Virtual Currency to the Sponsor or sell XRP, Incidental Rights or IR Virtual Currency. Any sales of the Trust's assets in connection with the payment of expenses will decrease the amount of the Trust's assets represented by each Share each time the Trust's assets are sold or transferred to the Sponsor.
- Each delivery or sale of XRP, Incidental Rights or IR Virtual Currency by the Trust to pay the Sponsor's Fee and/or Additional Trust Expenses will be a taxable event to beneficial owners of Shares. Thus, the Trust's payment of expenses could result in beneficial owners of Shares incurring tax liability without an associated distribution from the Trust. Any such tax liability could adversely affect an investment in the Shares. See "U.S. Federal Income Tax Consequences."

The Trust's delivery or sale of XRP to pay expenses or other operations of the Trust could result in Shareholders' incurring tax liability without an associated distribution from the Trust.

Assuming that the Trust is treated as a grantor trust for U.S. federal income tax purposes, each delivery of XRP by the Trust to pay the Sponsor's Fee or other expenses and each sale of XRP by the Trust to pay Additional Trust Expenses will be a taxable event to beneficial owners of Shares. Thus, the Trust's payment of expenses could result in beneficial owners of Shares incurring tax liability without an associated distribution from the Trust. Any such tax liability could adversely affect an investment in the Shares. See "U.S. Federal Income Tax Consequences."

The value of the Shares will be adversely affected if the Trust is required to indemnify the Sponsor, the Trustee, the Transfer Agent, the Key Maintainer or any Backup Maintainer under the Trust Documents.

Under the Trust Documents, each of the Sponsor, the Trustee, the Transfer Agent, the Key Maintainer and the Backup Maintainers has a right to be indemnified by the Trust for certain liabilities or expenses that it incurs without gross negligence, bad faith or willful misconduct on its part. Therefore, the Sponsor, Trustee, Transfer Agent, the Key Maintainer or any Backup Maintainer may require that the assets of the Trust be sold in order to cover losses or liability suffered by it. Any sale of that kind would reduce the XRP Holdings of the Trust and the value of the Shares.

Intellectual property rights claims may adversely affect the Trust and an investment in the Shares.

The Sponsor is not aware of any intellectual property rights claims that may prevent the Trust from operating and holding XRP, Incidental Rights or IR Virtual Currency. However, third parties may assert intellectual property rights claims relating to the operation of the Trust and the mechanics instituted for the investment in, holding of and transfer of XRP, Incidental Rights or IR Virtual Currency. Regardless of the merit of an intellectual property or other legal action, any legal expenses to defend or payments to settle such claims would be extraordinary expenses that would be borne by the Trust through the sale or transfer of the Trust's XRP, Incidental Rights or IR Virtual Currency. Additionally, a meritorious intellectual property rights claim could prevent the Trust from operating and force the Sponsor to terminate the Trust and liquidate the Trust's XRP, Incidental Rights or IR Virtual Currency. As a result, an intellectual property rights claim against the Trust could adversely affect an investment in the Shares.

Risk Factors Related to the Regulation of the Trust and the Shares⁷

Regulatory changes or actions may alter the nature of an investment in the Shares or restrict the use of XRP or the operation of the Ripple Network or the XRP Exchange Market in a manner that adversely affects an investment in the Shares.

As digital currencies have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies (including FinCEN, SEC, CFTC, FINRA, the Consumer Financial Protection Bureau, the Department of Justice, The Department of Homeland Security, the Federal Bureau of Investigation, the IRS and state financial institution regulators) have been examining the operations of digital currency networks, digital currency users and digital currency exchange markets, with particular focus on the extent to which digital currencies can be used to launder the proceeds of illegal activities or fund criminal or terrorist enterprises and the safety and soundness of exchanges and other service providers that hold digital currency for users. Many of these state and federal agencies have issued consumer advisories regarding the risks posed by digital currencies to investors. Ongoing and future regulatory actions with respect to digital currencies generally or XRP in particular may alter, perhaps to a materially adverse extent, the nature of an investment in the Shares or the ability of the Trust to continue to operate.

Law enforcement agencies have often relied on the transparency of blockchains to facilitate investigations. In the case of privacy-enhancing digital currencies like XRP, law enforcement agencies have less visibility into transaction histories. Europol, the European Union's law enforcement agency, released a report in October 2017 noting the increased use of privacy-enhancing digital currencies like XRP and Monero in criminal activity on the internet. Although no regulatory action has been taken to treat XRP or other privacy-enhancing digital currencies differently, this may change in the future.

In addition, a number of foreign jurisdictions have, like the SEC, also recently opined on the sale of digital currency tokens, including through initial coin offerings ("ICOs"). China and South Korea have banned ICOs entirely and other jurisdictions, including Canada, Singapore and Hong Kong, have opined that ICOs may constitute securities offerings subject to local securities regulations. Although XRP has not had an ICO, if the SEC were to determine that XRP is a security, the Trust and the Sponsor could be subject to additional regulatory and compliance requirements under U.S. federal securities laws, including the Investment Company Act and, with respect to the Sponsor, the Investment Advisers Act. A determination that XRP is a security under U.S. or foreign law could adversely affect an investment in the Shares.

⁷ NTD: DPW FIG/tax to update.

If regulatory changes or interpretations of an Authorized Participant's, the Trust's or the Sponsor's activities require the regulation of an Authorized Participant, the Trust or the Sponsor as a money service business under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act or as a money transmitter or digital currency business under state regimes for the licensing of such businesses, an Authorized Participant, the Trust or the Sponsor may be required to register and comply with such regulations, which could result in extraordinary, recurring and/or nonrecurring expenses to the Authorized Participant, Trust or Sponsor or increased commissions for the Authorized Participant's clients, thereby reducing the liquidity of the Trust.

To the extent that the activities of any Authorized Participant, the Trust or the Sponsor cause it to be deemed a "money services business" under the regulations promulgated by FinCEN under the authority of the U.S. Bank Secrecy Act, such Authorized Participant, Trust or Sponsor may be required to comply with FinCEN regulations, including those that would mandate the Authorized Participant to implement anti-money laundering programs, make certain reports to FinCEN and maintain certain records. Similarly, the activities of an Authorized Participant, the Trust or the Sponsor may require it to be licensed as a money transmitter or as a digital currency business, such as under NYDFS' BitLicense scheme.

Such additional regulatory obligations may cause the Authorized Participant, the Trust or the Sponsor to incur extraordinary expenses. If the Authorized Participant, Trust or Sponsor decide to seek the required licenses, there is no guarantee that they will timely receive them. The Authorized Participant may also instead decide to terminate its role as Authorized Participant of the Trust, or the Sponsor may decide to terminate the Trust. Termination by the Authorized Participant may decrease the liquidity of the Trust, which may adversely affect the value of the Shares, and any termination of the Trust in response to the changed regulatory circumstances may be at a time that is disadvantageous to the Shareholders.

Additionally, to the extent an Authorized Participant, the Trust or the Sponsor is found to have operated without appropriate state or federal licenses, it may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which would harm the reputation of the Trust or its Sponsor, decrease the liquidity of the Trust, and have a material adverse effect on the price of the Shares.

Regulatory changes or interpretations relating to the custody of digital currency could require the Trust, Sponsor, Key Maintainer and/or any Backup Maintainer to be required to apply for licenses, and could subject these parties to investigations and penalties, which could adversely affect an investment in the Shares.

The Trust, Sponsor, Key Maintainer and Backup Maintainers believe that because of the multi-factor security system and the terms of the agreements governing their use of their security factors, none of them are required to apply for a BitLicense from the New York State Department of Financial Services or register as a money transmitter or party engaged in digital currency business activity (or equivalent designation) under state law in any other state in which the Trust operates. In the event that regulatory changes or interpretations would require such registrations or licenses, there may be extraordinary, nonrecurring expenses to the Trust. The Sponsor may also decide to terminate the relationship with the Key Maintainer or Backup Maintainer or terminate the Trust. Any termination of the relationship with the Key Maintainer or Backup Maintainer or termination of the Trust in response to the changed regulatory circumstances may be at a time that is disadvantageous to Shareholders. The Sponsor may not be able to find a successor Key Maintainer or Backup Maintainer that has the appropriate licenses.

Regulatory changes or interpretations could cause the Trust and the Sponsor to register and comply with new regulations, resulting in potentially extraordinary, nonrecurring expenses to the Trust.

Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may impact the manner in which XRP are treated for classification and clearing purposes. In particular, XRP may be classified by the CFTC as a "commodity interest" under the CEA or may be classified by the SEC as a "security" under U.S. federal securities laws. As of the date of this Memorandum, the Sponsor is not aware of any rules that have been proposed to regulate XRP as a commodity interest or a security. Although XRP, like Bitcoin, were not issued as part of an ICO, the SEC and several foreign governments have issued warnings that digital currencies sold in ICOs may be classified as securities, that both those digital currencies and the ICOs through which they were sold may be subject to securities regulations and that there is a risk that such regulation could expand to other digital currencies. Although several U.S. federal district courts have recently held for certain purposes that other digital currencies such as Bitcoin are currency or a form of money, these rulings are not definitive and the Sponsor and the Trust cannot be

certain as to how future regulatory developments will impact the treatment of XRP under the law. In the face of such developments, the required registrations and compliance steps may result in extraordinary, nonrecurring expenses to the Trust. If the Sponsor decides to terminate the Trust in response to the changed regulatory circumstances, the Trust may be dissolved or liquidated at a time that is disadvantageous to Shareholders.

To the extent that XRP is deemed to fall within the definition of a “commodity interest” under the CEA, the Trust and the Sponsor may be subject to additional regulation under the CEA and CFTC regulations. The Sponsor may be required to register as a commodity pool operator or commodity trading advisor with the CFTC and become a member of the National Futures Association and may be subject to additional regulatory requirements with respect to the Trust, including disclosure and reporting requirements. These additional requirements may result in extraordinary, recurring and/or nonrecurring expenses of the Trust, thereby materially and adversely impacting the Shares. If the Sponsor determines not to comply with such additional regulatory and registration requirements, the Sponsor will terminate the Trust. Any such termination could result in the liquidation of the Trust’s XRP at a time that is disadvantageous to Shareholders.

To the extent that XRP are deemed to fall within the definition of a security under U.S. federal securities laws, the Trust and the Sponsor may be subject to additional requirements under the Investment Company Act and the Sponsor may be required to register as an investment adviser under the Investment Advisers Act. Such additional registration may result in extraordinary, recurring and/or non-recurring expenses of the Trust, thereby materially and adversely impacting the Shares. If the Sponsor determines not to comply with such additional regulatory and registration requirements, the Sponsor will terminate the Trust. Any such termination could result in the liquidation of the Trust’s XRP at a time that is disadvantageous to Shareholders.

The treatment of XRP for U.S. federal income tax purposes is uncertain.

As discussed in the section entitled “U.S. Federal Income Tax Consequences—Uncertainty Regarding the U.S. Federal Income Tax Treatment of Digital Currency” below, each beneficial owner of Shares generally should be treated for U.S. federal income tax purposes as the owner of an undivided interest in the XRP (and, if applicable, any Incidental Rights and/or IR Virtual Currency) held in the Trust. Due to the new and evolving nature of digital currencies and a general absence of clearly controlling authority with respect to digital currencies, many significant aspects of the U.S. federal income tax treatment of digital currency are uncertain, and the Sponsor does not intend to request a ruling from the Internal Revenue Service (“IRS”) on these issues. On March 25, 2014, the IRS released a notice (the “Notice”) discussing certain aspects of the treatment of digital currencies for U.S. federal income tax purposes. In the Notice, the IRS stated that, for U.S. federal income tax purposes, (i) digital currency is “property” that is not currency and (ii) digital currency may be held as a capital asset. There can be no assurance, however, that the IRS will not alter its position with respect to digital currency in the future or that a court would uphold the treatment set forth in the Notice. In addition, legislation has been introduced that likely would, if enacted, cause digital currency to be treated as currency for U.S. federal income tax purposes. If digital currency were properly treated as currency for U.S. federal income tax purposes, gains recognized on the disposition of digital currency, and on a disposition of Shares, would constitute ordinary income, and losses recognized on the disposition of digital currency, and on a disposition of Shares, could be subject to special reporting requirements applicable to “reportable transactions.”

The Notice does not address other significant aspects of the U.S. federal income tax treatment of digital currency, including: (i) whether digital currency is properly treated as a “commodity” for U.S. federal income tax purposes; (ii) the proper method of determining a holder’s holding period and tax basis for digital currency acquired at different times or at varying prices; and (iii) whether and how a holder of digital currency acquired at different times or at varying prices may designate, for U.S. federal income tax purposes, which units of the digital currency are transferred in a subsequent sale, exchange or other disposition. The Notice addressed only digital currency that is “convertible virtual currency,” defined as digital currency that has an equivalent value in fiat currency or that acts as a substitute for fiat currency. It is conceivable that certain IR Virtual Currency the Trust may receive in the future in connection with its ownership of XRP would not be within the scope of the Notice. The Notice also does not address the U.S. federal income tax treatment of a “fork” or “airdrop” of digital currency, and it is possible that the receipt of Incidental Rights or IR Virtual Currency in connection with a fork or airdrop is a taxable event.

Prospective investors are urged to consult their tax advisers regarding the substantial uncertainty regarding the tax consequences of an investment in the Trust and in digital currencies in general.

Future developments regarding the treatment of digital currency for U.S. federal income tax purposes could adversely affect an investment in the Shares.

As discussed above, many significant aspects of the U.S. federal income tax treatment of digital currency, such as XRP, are uncertain, and it is unclear what guidance on the treatment of digital currency for U.S. federal income tax purposes may be issued in the future. It is possible that any such guidance would have a negative effect on the prices of digital currency, including on the price of XRP in the XRP Exchange Market, and therefore may have an adverse effect on the value of the Shares.

Because of the evolving nature of digital currencies, it is not possible to predict potential future developments that may arise with respect to digital currencies, including “forks,” “airdrops” and other similar events. Such developments may result in uncertain tax consequences and may increase the uncertainty with respect to the treatment of digital currencies more generally. Certain future developments could render it impossible, or impracticable, for the Trust to continue to be treated as a grantor trust for U.S. federal income tax purposes.

Future developments in tax treatment of digital currencies for tax purposes other than U.S. federal income tax purposes could adversely affect an investment in the Shares.

The New York State Department of Taxation and Finance (“NYDTF”) has issued guidance regarding the application of New York State tax law to digital currencies such as XRP. The NYDTF determined that New York State would follow the Notice with respect to the treatment of digital currencies such as XRP for state income tax purposes. Furthermore, the NYDTF took the position that digital currencies such as XRP are a form of “intangible property,” with the result that the purchase and sale of XRP for fiat currency is not subject to New York state sales tax (although exchanges of XRP for other goods and services may be subject to sales tax under barter transaction treatment). The New Jersey Division of Taxation has issued similar guidance, while the taxing authorities of various states other than New York and New Jersey have issued guidance exempting the acquisition and/or disposition of digital currencies from sales tax.

It is unclear what further guidance on the treatment of digital currencies for state tax purposes may be issued in the future. If a state does not follow the Notice, or issues other guidance with respect to digital currency, such state’s treatment of digital currency may have negative consequences, including the imposition of a greater tax burden on investors in digital currency or the imposition of a greater cost on the acquisition and disposition of digital currency generally. Any such treatment may have a negative effect on prices of digital currency, including on the price of XRP in the XRP Exchange Market, and therefore may adversely affect the value of the Shares.

The treatment of digital currencies for tax purposes by non-U.S. jurisdictions may differ from the treatment of digital currencies by the IRS or any state. If a foreign jurisdiction with a significant share of the market of XRP users imposes onerous tax burdens on XRP users, or imposes sales or value-added tax on purchases and sales of XRP for fiat currency, such actions could result in decreased demand for XRP in such jurisdiction, which could adversely affect the price of XRP and the value of the Shares.

Risk Factors Related to Potential Conflicts of Interest

Potential conflicts of interest may arise among the Sponsor or its affiliates and the Trust. The Sponsor and its affiliates have no fiduciary duties to the Trust and its Shareholders, which may permit them to favor their own interests to the detriment of the Trust and its Shareholders.

The Sponsor will manage the affairs of the Trust. Conflicts of interest may arise among the Sponsor and its affiliates, including the Index Provider, the Authorized Participants and the Initial Purchasers on the one hand, and the Trust and its Shareholders, on the other hand. As a result of these conflicts, the Sponsor may favor its own interests and the interests of its affiliates over the Trust and its Shareholders. These potential conflicts include, among others, the following:

- The Sponsor has no fiduciary duties to, and is allowed to take into account the interests of parties other than, the Trust and its Shareholders in resolving conflicts of interest;